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1st National U.S. Cotton Home Furnishing Promotion Report

Report Categories:

Cotton and Products

Export Accomplishments - Other

Market Development Reports

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Report Highlights:

Summary: With support from Cotton Council International (CCI) and Casablanca,-- one of Mainland China's leading home furnishing manufacturer and retailer-- ATO Guangzhou organized the first national U.S. cotton home furnishing retail promotion campaign September-October 2012. The promotion was carried out in Casablanca's 123 retail outlets in cities like Guangzhou, Foshan, Shenzhen, Beijing and Shanghai and received a resounding response from local consumers. The goal of the promotion was designed to keep textiles made of U.S. cotton in China instead of relying solely on export markets. By December, our campaign exceeded our expectations by generating \$3.46 million in additional sales, and more importantly raising consumer awareness of the presence of high quality U.S. cotton in branded home furnishing materials. By entering into this strategic partnership with CCI and industry, ATO Guangzhou cultivated local consumer demand for home furnishing products made with U.S. cotton.

General Information:

Beyond our imagination: On September 2012, in cooperation with Cotton Council International (CCI) and Casablanca (one of Mainland China's leading home furnishing manufacturers and retailer), ATO Guangzhou launched a retail promotion campaign for branded home furnishing products made from U.S. cotton. To kick-off the promotion, Casablanca organized a fashion show in an upscale shopping mall to highlight the comfort of U.S. cotton materials paired with Casablanca's fashionable designs. The fashion show was held on September 22, 2012 (on a Saturday evening) in Shenzhen and attracted an audience of over two hundred composed of local shoppers, nearby residents, and fashion fans. The opening ceremony and fashion show creatively delivered the message that home furnishing materials made of U.S. cotton are so comfortable and fashionable that they could be used to manufacture dresses. Since 2007, CCI has led the successful "*Cotton Beyond Your Imagination*" campaign inspiring Casablanca's breakthrough designs. Casablanca is now preaching CCI's gospel by example.

Beyond our expectations: The national retail campaign for home furnishing products made with U.S. cotton was carried out in Casablanca's 123 retail outlets in Guangzhou, Foshan, Shenzhen, Beijing and Shanghai between September and October, 2012. Though ATO Guangzhou had originally expected a larger promotional appearance in secondary cities, we later encountered difficulties given Casablanca's retail outlets in secondary cities were managed by individual franchisees making it difficult to coordinate. Sales during the promotion increasing faster than anyone had anticipated, so the promotion was extended for an extra month (November). Casablanca's initial sales forecast was estimated at \$1 million and although they had never cross promoted their brand with the Cotton USA logos or highlighting the quality U.S. cotton, consumers responded positively to this new concept. The promotion significantly raised consumer awareness of U.S. cotton and it was associated with quality, comfort and high-end fashion. By early December, the sales figures revealed that our campaign far exceeded our expectations-- generating \$3.46 million in additional sales.

Home Furnishing Market: Home furnishing retail is a relatively new sector in Mainland China. Many of the local manufactures used to produce for the export market and are now refocusing their efforts to develop domestic consumption. The market is highly segmented by price, quality (cotton/silk blends, cotton/man-made fiber blends, etc) with tremendous potential for growth and the inclusion of U.S. cotton products. ATO Guangzhou's partnership with CCI and Casablanca was groundbreaking as it marked the first time a U.S. cotton home furnishing retail promotion has ever been carried out in South China. The retail campaign aimed at increasing consumer awareness on the quality, natural feel, environmental friendly and comfortable characteristics of home furnishing products made with U.S. cotton.

Background on Casablanca: Founded in 1993, Casablanca now owns and manages several name brands, such as CASABLANCA, Casa Calvin, ELLE DECO, TRUSSADI, MOVE, CENTA-STAR, HOME CONCEPT, BLF etc. While the corporate headquarters is based in Hong Kong, the company has its production facilities and research and development center in Shenzhen. They are building a new production facility in Huizhou. Casablanca dominates over 40 percent of the market share in the Hong Kong's home furnishing sector and sells in over 1,000 retail stores in over 20 countries. Casablanca is also a "Cotton USA" logo licensee and has cooperated with the CCI in the past several years.

I. Market Constraints and Opportunities

The first ever nationwide home furnishing retail campaign addressed the following constraints:

- Low awareness of the benefits of U.S. cotton in the home furnishing sector, especially in emerging markets;
- Lack of information on cotton home furnishing products.

The retail campaign explored new opportunities to:

- Introduce home furnishing products made with U.S. cotton to consumers in both developed and emerging markets;
- Provide opportunity for consumers to understand the benefits of U.S. cotton;
- Increase consumer awareness of quality home furnishing products made with U.S. cotton;
- Leverage and utilize the resources from all participating parties.

II. Expected Results and Desired Outcomes

- Enhance confidence in featuring U.S. cotton in the local home furnishings market;
- Increase consumer awareness on the superior characteristics of U.S. cotton, such as comfort, natural feel, healthy, and ecologically friendly;
- Promote the socially conscious home furnishing concept to local consumers.

III. Kicking-off the promotion in Shenzhen

A kick-off event was arranged in Shenzhen on September 22, 2012. The outdoor event was included a live band show, media interviews, fashion show and lucky draws, which attracted a crowd of over two hundred. The event successfully drew attention from 17 life style and home furnishing media and generated news clippings worth a total public relations value over \$193,056. During the media interview, ATO Guangzhou Director addressed the purpose of the event and desire to help U.S. cotton better penetrate the home furnishing market. Meanwhile, the Director of CCI and Executive Director of Casablanca both emphasized the characteristics of U.S. cotton, the natural feel and comfortable experience it offers to consumers.



All of the dresses in the fashion show were made with actual home furnishing fabric.

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The fashion show featured over 60 specially designed dresses, all made with actual home furnishing fabrics by Casablanca. It's a creative way to show the patterns and see the fabrics by consumers.

IV. Retail promotion

Starting from late September and lasting throughout November, Casablanca carried out a retail campaign at its 123 stores in Guangzhou, Beijing, Shanghai, Shenzhen and Foshan. Unified posters with the theme of the promotion “Natural U.S. Cotton, Healthy Life” and all participants’ logos were displayed at each outlet. Casablanca outlets are typically located in large high-end shopping malls.



Media interview the opening ceremony event

Casablanca also provided special training to its sales crew, so that they were familiar with the characteristics of U.S. cotton and knew how to adequately communicate these features to potential customers.

The retail campaign generated an estimated \$3.46 million in additional sales revenues through the first week of December 2012. Casablanca claim their sales are over five times higher than the

previous months, the U.S. cotton campaign and end of year purchases are believed to be the main driving factors contributing to this impressive sales spike. Developed markets tier cities showed a favorable response to promotion with higher consumer recognition. In the Beijing market, sales increased by six percent, Shanghai by three percent, Guangzhou five percent and Shenzhen by a staggering 9 percent. However, the increase in secondary markets was not promising, mainly because lower consumer awareness of U.S. cotton higher price sensitivity.

The positive sales figure boldly demonstrated that retail campaigns for furnishing material are an effective way to increase consumer awareness, increase and draw positive attention to products with quality U.S. cotton. The campaign strengthened Casablanca’s confidence in carrying out more promotion activities to promote socially conscious U.S. cotton and relying on the U.S. brand.



The opening event attracted large crowds

Store decorated with unified promotional materials

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V. Conclusions

The first national U.S. cotton home furnishing campaign made a significant impact in the market, especially in first-tier cities. The promotion successfully increased consumer awareness of U.S. cotton

and generated higher than expected sales revenue for our partner. Post will continue to work with U.S. producer associations and local manufacturers to further expand the market for U.S. fiber products domestically and away for the export market. The ATO's goal is to keep U.S. cotton in Mainland China.

VI. Participants

Cotton Council International
Casablanca Home Holdings Ltd.

VII. Cost

<u>Budget Source</u>	<u>Cost</u>
ATO CSSF fund	\$10,000

VIII. Post Contact Information

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